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Partnerships in Social Economy

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Abstract

The establishment of a strong partnership in the field of social economy in order to involve the socially excluded people is a desirable, but difficult to obtain outcome for the society we live in today. This article presents some concepts of social economy, together with some considerations regarding public-private partnerships and firm-NGO partnerships, types of collaborations that are important for a durable development of social economy. The article also reveals the capacities which a network/partnership in social economy should promote and develop. The involvement of the local partners in the establishment, development and consolidation of the social capital by social economy projects is an area that requires repeated adjustments in order to correlate the targeted socio-economic indicators of efficiency. Social economy relies on the solid partnerships developed within the disfavored communities and focuses on the identification of the human resources available and qualified to generate changes in the community networks, oriented towards equitable socio-economic purposes. The central role of the partnerships within the social economy sector is represented by several complementary factors joined within the social and economic life of the communities running the risk of social exclusion.

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1. Introduction

The discussion around the subject of social economy is very effervescent nowadays, with an increasing number of researchers, policy makers, for or not for profit organizations and even governmental institutions discussing on themes related to social economy, drafting reports and policy papers, organizing conferences and debates and even creating social economy enterprises even though these types of organizations are not legally

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regulated in most of the countries. We will not discuss here the problem of defining social economy, but only state that, unfortunately, there is still no common accepted definition of the concept, defining the social economy being one of the most debated subjects treated by the academic literature and also by some important institutions (CIRIEC, 2007; Laville, 1994; Lèvesque, Bourque, & Forgues, 2001; Monzón Campos, 1997; Moulaert & Nussbaumer, 2005; Nicolaescu, 2012) and, as one of the consequences of this fact, there are different meanings associated with it in different countries, regions, institutions and organizations.

Due to the growth in importance of the social economy in the last years, the role and general knowledge about social economy in economic and social policies has increased across the European Union, which is an important supporter and promoter of the social economy, investing considerable efforts and funds, through the European Social Fund, into its development.

2. The role of social economy

The main focus relative to the role of the social economy has been and still is its ability to create jobs and to provide goods and services that are valuable for the community (Evans & Syrett, 2007). The community in general, indeed, should be the main playground of the social economy, and not exclusively the disadvantaged communities or groups of population. This specification is important because the general discussion around the social economy places it mainly into disfavored contexts, fact that is not necessarily wrong, but rather incomplete. The social economy could easily respond to usual community-specific issues and does not necessarily need to be linked with socially excluded groups, marginalized populations or minorities.

One important discussion trend that has not been fully explored and is rising in importance is the ability of social economy to build capacity and social capital as a mean of solving issues of empowerment, democratic participation and social inclusion (Evans & Syrett, 2007).

The social economy is situated, both in practice, and also theoretically, in an early stage of development around the world, compared to the traditional economy and even to the not-for profit or third sector in general. The slow development of the concept and, more importantly, the practice of social economy, could be a cause of the fact that social economy is somewhat neglected when the traditional economy is showing positive results, the importance of social economy being underlined mainly during social and economic crises (Arpinte, Cace, & Cojocaru, 2010; Cace, Tomescu, & Cojocaru, 2012).

The concept of social economy is a complex one, with implications and ties into an important number of areas of the society (Cace et al, 2011). The development of social economy does not only depend on a variety of different factors, but it also influences other sectors of the society, thus it's important that more people know at least the basics features of the social economy.

For a solid and lasting development of social economy, more steps need to be followed. The social economy is a complex sector, which receives and transmits influences in many other spheres of the society (Cace et al, 2012). Firstly, there is a need for the state to get involved in this process by building a legislative framework able to support the growth of the social economy in the long term. The state must realize the importance of the sector and should support it whether or not there exists external financing that addresses the development of this sector. Maybe more so, the state should intervene, as the interest of the European Union is higher and the aids coming towards social economy development are significant.

The funds from the European Union and other sources of financing are beneficial for the development of the social economy sector but they should not be used to artificially sustain it (Cace et al, 2009). A permanent awareness campaign directed towards the population should be seriously considered, because it is of high importance for people to understand the purpose of social economy and the benefits that are coming with it. It is very important for the social economy not to be associated exclusively with European funds, as often happens, but to be understood in a manner deeper than that, to be internalized by people. When realizing the needs they have, the communities should look for solutions in the social economy and, step by step, alone or with external

support from public, for profit or not for profit organizations, address them in a creative, even entrepreneurial manner.

3. Public-private partnerships

Like the concept of social economy, the public-private partnership is relatively complex and difficult to define. There is no one unique and commonly accepted definition of public-private partnerships, the number of definitions given to this concept being also relatively low. Sedjari (2004) categorizes the public-private partnerships as a new cultural phenomenon by itself, calling it “a culture of engagement” (Sedjari, 2004, p.303). The author emphasizes solidarity as being one of the key features that should exist between the public and private partners. The same author is considering the public-private partnership as a “capacity for the collective mobilization of participants which now forms the substance and strength of public programs” (Sedjari, 2004, p.303).

Mutuality is considered, by Brinkerhoff and Brinkerhoff (2004), as being a key conceptual feature of public-private partnerships, an idea similar to Bovaird’s (2004) definition of public-private partnerships, as commitments above and beyond contracts. Being on the same line of thought, Haque (2004) talks about mutuality and organizational identity as being important features of the public-private partnerships, considering the organizational identity as maintenance of each partner’s own identity, values, and beliefs. Klijn and Teisman (2003) argue that a public-private partnership should be an agreement between public and private actors, with a shared responsibility over products, risks, costs, benefits etc., with all the participating parties understanding and internalizing the concept of mutual added value to the whole partnership.

One of the most complete and quite technical definition of the public-private partnerships is provided by Grimsey and Lewis (2002, p.108): “[...] agreement where the public sector enters into long-term contractual agreements with private sector entities for the construction or management of public sector infrastructure facilities by the private sector entity, or the provision of services (using infrastructure facilities) by the private sector entity to the community on behalf of a public sector entity”. This definition is focusing mainly on the concrete elements of public-private partnerships, elements that are setting the framework of this kind of collaboration.

The public-private partnership represents an effective way of development, which is considered by some authors (Grimsey & Lewis, 2002; Hofmeister & Borchert, 2004; Wettenhall, 2003) to be a very good alternative to privatization. In a public-private partnership, the assets are not used only for acquiring financial or social capital, but they remain in the public sector, while managed by the private partners in order for them to gain economic or social profits. One of the main advantages for the public sector in pursuing this kind of collaborations is the private, market-like management, which is known to be more efficient than public management or, where the private party of the partnership is a social economy organization, the more efficient use of public resources in the benefit of the community.

For the emerging sector of social economy, public-private partnerships could represent an important boost due to the lack of resources the social economy entities is facing. Moreover, taking part in public-private partnerships, the social economy entities would certainly increase their socialization pool, making themselves better known by the community and other public and private actors, maximizing their chances of further collaborations.

4. Firm-NGO partnerships

While the traditional firms tend to maximize their profits, the purpose of the social economy organizations is to make another kind of profit, namely a social one. The firms and the social economy organizations have two different kinds of thinking (Pattberg, 2006). Because of this difference of approach, collaboration between these two kinds of organizations is a good take on solving social problems (Arya & Salk, 2006). Graf & Rothlauf

(2012) argue that there is a different motivation for a firm to enter into a firm-NGO partnership than for entering into firm-firm collaboration, where it could benefit from acquiring the partner's technology or skills. A firm could be motivated to collaborate with an NGO for gaining reputation and legitimacy. From the NGO's point of view, firm-NGO collaborations could bring them managerial skills or material resources.

This form of partnership is relatively new (Rondinelli & London, 2003), thus the management of such a partnership could represent a challenge for all the organizations implied in the partnership. The challenge comes mainly from the differences of ideologies, cultures and purposes the two kinds of organizations poses. The social economy organizations often have difficult to measure goals, making it challenging for a partner firm to quantify the results of their investments. Moreover, even if the partners find ways to measure the results of their collaboration, most of the time they have to wait for a certain period of time for the results to be measurable. Even so, there are further impediments in measuring the performance of firm-NGO collaboration, the discussion of which does not make the object of this paper.

The firm-NGO partnerships are very important for community development, the collaboration between businesses and social economy organizations being an important step in fostering local economic development initiatives, a practice that is in line with the bottom-up approach to community building, a new take on constructing policy that is, to a certain point, in contrast with the classic top-down approach, that proved itself less efficient in addressing the specific problems of small communities (Șfetcu, Cace, & Nicolăescu, 2013).

Conclusions

This paper discusses some of the basic concepts of social economy and the partnerships that could be established between social economy organizations and other organizations, public or private, in order to increase the social impact of social economy initiatives, mainly in local communities, but not exclusively. It is important for social entrepreneurs to understand the value of collaboration and networking, and to make efforts in this direction in order to more easily and effectively attain their goals. In the last years, social economy received an increasing amount of attention, fact that is beneficial for the development of this domain. Being supported by the European Union, social economy is a sector of the economy that has been vowed for, thus it will be increasingly easier for the social economy organizations to grow and build social capital in collaboration with firms that are increasingly more aware of the benefits of supporting social causes either through corporate social responsibility or by collaborating with different NGOs that militate for social rights, social inclusion, ecology and other social causes and could use the support that businesses can provide. From the community and all the way to national and international level, collaboration between social economy organizations and the public sector, as well as the for-profit organizations, should be encouraged and mediatized, in order for the good practices to be replicated when possible, in similar contexts, or to be adapted to different contexts.

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